

Senate Study Bill 1008

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
COMMERCE BILL BY
CHAIRPERSON ANGELO)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to delinquency charges on certain precomputed
2 consumer credit transactions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1568SC 80
5 jj/pj/5

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1 1 Section 1. Section 537.2502, subsections 3 and 6, Code
1 2 2003, are amended to read as follows:
1 3 3. A delinquency charge shall not be collected under
1 4 subsection 1, paragraph "a", on an installment ~~which that~~ is
1 5 paid in full within ten days after its scheduled or deferred
1 6 installment due date even though an earlier maturing
1 7 installment or a delinquency or deferral charge on an earlier
1 8 installment may not have been paid in full. For purposes of
1 9 this subsection, payments associated with a precomputed
1 10 transaction are applied first to current installments and then
1 11 to delinquent installments.
1 12 6. A delinquency charge shall not be collected under
1 13 subsection 4 on a payment ~~which~~ associated with a precomputed
1 14 transaction that is paid in full on or before its scheduled or
1 15 deferred due date even though an earlier maturing payment or a
1 16 delinquency or deferred charge on an earlier payment has not
1 17 been paid in full. For purposes of this subsection, payments
1 18 associated with a precomputed transaction are applied first to
1 19 amounts due for the current billing cycle and then to
1 20 delinquent payments.

EXPLANATION

1 22 This bill provides that, with respect to a consumer credit
1 23 transaction that is not pursuant to an open-end credit
1 24 arrangement, and other than a consumer lease or consumer
1 25 rental agreement, a delinquency charge on a current paid-in-
1 26 full installment associated with a precomputed transaction
1 27 shall not be collected, even if a delinquency on an earlier
1 28 installment exists. By limiting the provision's applicability
1 29 to precomputed transactions, the bill allows a delinquency
1 30 charge to be collected on an installment not part of a
1 31 precomputed transaction, when the current installment due is
1 32 paid in full within 10 days after its scheduled or deferred
1 33 installment due date but an earlier maturing installment or a
1 34 delinquency or deferral charge on an earlier installment has
1 35 not been paid in full. The bill, with respect to such
2 1 transactions, eliminates the requirement that payments be
2 2 applied first to a current installment and then to delinquent
2 3 amounts.
2 4 The bill likewise provides that with respect to delinquency
2 5 charges related to an open-end credit transaction, a
2 6 delinquency charge may be collected on a payment associated
2 7 with a transaction other than a precomputed transaction when
2 8 the current payment due is paid in full on or before its
2 9 scheduled or deferred due date but when an earlier maturing
2 10 payment or a delinquency or deferred charge on an earlier
2 11 payment has not been paid in full. The bill, with respect to
2 12 such transactions, eliminates the requirement that payments be
2 13 applied first to a current payment and then to delinquent
2 14 amounts.
2 15 LSB 1568SC 80
2 16 jj/pj/5